VZCZCXRO5346 OO RUEHCN RUEHGH DE RUEHIN #1015/01 1240845 ZNY CCCCC ZZH O 040845Z MAY 07 FM AIT TAIPEI TO RUEHC/SECSTATE WASHDC IMMEDIATE 5149 INFO RUEHBJ/AMEMBASSY BEIJING 6719 RUEHUL/AMEMBASSY SEOUL 8616 RUEHKO/AMEMBASSY TOKYO 8729 RUEHCN/AMCONSUL CHENGDU 1854 RUEHGZ/AMCONSUL GUANGZHOU 0218 RUEHHK/AMCONSUL HONG KONG 7968 RUEHGH/AMCONSUL SHANGHAI 1042 RUEHSH/AMCONSUL SHENYANG 5825 RUEAIIA/CIA WASHDC RHEFDIA/DIA WASHINGTON DC RHHJJAA/JICPAC HONOLULU HI RUEKJCS/SECDEF WASHINGTON DC RHHMUNA/USPACOM HONOLULU HI

C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 001015

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SUBJECT: TAOYUAN AND HSINCHU COUNTIES: DPP CAN'T COMPETE

Classified By: AIT Deputy Director Robert S. Wang, Reason 1.4 (b/d)

11. (C) Summary: Local KMT party officials expect to win 6 or even 7 of the 8 legislative seats up for election this December in Taoyuan County, Hsinchu County and Hsinchu City, which account for over ten percent of Taiwan's population. KMT officials attribute their likely success to the high concentration of Hakka, Mainlander, and aboriginal voters in this part of northern Taiwan. DPP opponents grudgingly acknowledge their demographic disadvantage, but accuse the KMT of buying votes to assure their victory. End Summary.

Population Favors KMT

12. (C) Taoyuan County government Secretary General Liu Chih-ching (KMT) told AIT that the KMT enjoys a significant demographic advantage in Taoyuan County and the separate districts of Hsinchu City and Hsinchu County. Liu explained that 80 percent of the population in Hsinchu City and County are ethnic Hakka. In past elections, 70 percent of the Hakka voted for KMT candidates. In Taoyuan, 36 percent of the population is ethnic Taiwanese, half of whom support the KMT, and half the DPP. Of the remaining population, a third is Hakka, 23 percent Mainlanders, and 7 percent aboriginals. All three groups traditionally support the KMT. Of the 8 legislative districts up for grabs in these three districts, KMT party officials expect to win 6 or even 7 of them, Liu said. KMT Taoyuan County Chairman Fu Chung-hsiung argued the KMT's chances are helped further by the failure of President Chen's DPP government to implement any significant public works projects in the area over the past six years of his administration.

Taoyuan County: DPP Can't Compete

13. (C) The reforms which cut the Legislative Yuan (LY) in half (from 225 to 113 seats) have also reduced the number of available legislative seats in Taoyuan County from 13 to 6. Taoyuan County has been broken up into six smaller districts, which elect one legislator each. According to KMT County Chairman Fu, the KMT has nine candidates, six of them incumbent legislators, competing for nominations in five of Taoyuan's six districts. No KMT candidate has stepped forward in District 2, Lu said, because it is considered a

DPP stronghold, that party's only chance for victory in Taoyuan. Fu remarked that although the KMT primary races in Taoyuan have been hotly contested, he does not expect the losers to run as independent candidates because most of them know they would have little chance of winning, and the party is prepared to offer them county government jobs to secure their cooperation. If all goes according to plan, Fu said, the KMT will win 4 or 5 of the 6 available seats in Taoyuan County.

¶4. (C) DPP prospects in Taoyuan are poor. Sec-Gen Liu told AIT that, as of April 25, the DPP was conducting primaries in only two of the six districts, and an unopposed TSU candidate is representing the Pan-Green in a third. According to DPP Hsinchu County Executive Director Chen Tsung-li, in one deep-Blue district with virtually no chance of DPP victory, the DPP may be forced to "recruit" a candidate to represent the party for appearances' sake. The DPP may also call upon losers from the two primary races to represent the DPP in those two districts otherwise without DPP candidates.

Hsinchu City and County: Conservative Core

15. (C) Under the old legislative system, Hsinchu City and Hsinchu County elected three legislators each. Under the new system, however, they only elect one legislator each. Hsinchu DPP Director Chen told AIT that 58 percent of voters in Hsinchu City and County support the KMT, and 42 percent back the DPP. Chen lamented that politically conservative military personnel and civil servants make up a large part of Hsinchu's voting population, and that these groups, which typically back the KMT, are slow to change their political preferences. Chen argued that the DPP's only chance of

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winning in Hsinchu (and Taoyuan) is if DPP candidates succeed in buying more votes than their KMT opponents. (Note: There is a chance the pan-Blue vote could split in Hsinchu City, increasing the chance of a DPP victory. KMT legislator Lu Hsueh-chang defeated KMT legislator Ko Chun-hsiung in the Hsinchu City KMT primary. Ko has refused to accept the outcome has threatened to run as an independent candidate. End Comment.)

Vote Buying Boosts Turnout

16. (C) Sec-Gen Liu told AIT that vote buying is common in Taoyuan County, especially in the rural areas. The practice is effective, Liu continued, and has contributed to Taoyuan's abnormally high voter turnout (80 percent or higher) during legislative and presidential elections. In Taoyuan, Liu told AIT, the KMT and DPP require their at-large legislative candidates to "donate" as much as US \$900,000 to the party, the same as a district candidate would be required to contribute. The difference is, Liu explained, at-large candidates don't have the same advertising and other overhead expenses as district candidates. The money is used by both parties to buy votes. Vote-buying is even worse in southern Taiwan, Liu insisted, where he claimed the DPP requires its at-large candidates to donate as much as US \$3 million. YOUNG